Quiz 5 by Fatoumata Cisse

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Fashion Economics: FM 4339 Quiz #5: The US Textile Industry Dr. Adomaitis

Fatoumata Cisse

Rosen, E. I. (2002). The Globalization of the U.S. Apparel Industry: Making Sweatshops. University of California Press.

Please answer to the best of your knowledge the following essay question. Use detail where appropriate. Remember grammar, punctuation & spelling count.

a. What was the initial lure for textile mills to move south? Was there any government incentive to attract mill owners to the South? How did unions affect textile mills? (2 pts)

The initial lure for textile mills to move south was because of lower labor costs, high energy requirements, and the efforts of southern communities to lure textile mills to the region with tax breaks. Rosen also stated that "Textile producers moved to the South partly to escape an organized labor force and to benefit from the low-wage environment that the South could provide" (Rosen, 2002, pg.80, pa2).

According to Rosen there were government incentive to attract mill owners to the south she stated that "Barry E. Truchi and others have argued that the most salient incentive for moving south was the federal tax laws that made it possible for textile companies to deduct the losses of an acquired company against the purchasing firms profits for at least two years" (Rosen, 2002, pg.78, pa6). This gave mill owners more power to make profits from their businesses

Unions affected textile mills because they were having a disagreement among one another. The Unions were against the textile mill owners in many ways. Rosens stated that "If textile producers supported trade protection, the textile unions did not. As the labor movement in the textile industry saw it, America's textile producers--not Japanese imports—were responsible for the job losses experienced by the country's northern textile workers. Union Leaders saw textile executives, who invoked the problem of job loss to justify protectionist demands, as disingenuous. They refused to support trade protection, seeing industry leaders as being concerned with East Asian competition, not the fates of their workers" (Rosen, 2002, pg.79, pa3).

b. On top of page 84, Rosen states, "They were considerably better off than women textile workers in the low-wage South during America's postwar prosperity. Indeed, it was in part the very welfare these workers enjoyed that made U.S. textile and apparel manufacturers begin to seek the comparative advantage of offshore production."

Define comparative advantage. In your own words, describe the author's view, given in these two sentences, of offshore production. (2pts).

Comparative advantage is when one country's economy can produce goods and services at a lower cost than its trade partners. Offshore production is manufacturing goods in another country, usually in countries with low wages and countries that have less strict regulations of products for domestic sale use. Many businesses even high brand businesses make use of offshore production to take advantage of the wage difference between countries that are developed and ones that are developing, with low prices and high profits by lowering labor costs

c. How did the U.S. government play a part ending production at U.S. textile mills especially in the North? (2pts)

The way that the U.S government played a role in ending production at U.S textile mills was by coming up with new ideas in the book Rosen stated that "In response, American producers were forced to turn their attention to producing the new man-made (noncellulosic) fibers. Many textile produc- ers built or rebuilt their facilities to process man-made fibers. These efforts contributed to the burst of capital spending in the industry and increased production, from 677 million to 3.2 billion pounds, between 1960 and 1968"(Rosen, 2002, pg.91, pa3). This shows how fast the U.S government was able to act and come up with better solutions to improve the textile industry.

Rosen, E. I. (2002). The Globalization of the U.S. Apparel Industry: Making Sweatshops. University of California Press. (cont.)

d. What were the textile initiatives offered to the textile industry by President Kennedy? How come no funds were appropriated to the textile industry until 1970? (2pts)

President Kennedy offered the textile industry a tax depreciation which made it possible for U.S. textile manufacturers.

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Funds were appropriated to the textile industry until 1970 According to During Eisenhower's presidency, textile industry requests for financial support from the government were ignored or refused. The administration focused its efforts on expanding trade on behalf of more valued industries(Rosen, 2002, pg.90, pa3). This shows that the government was the reason that the funds were delayed.

e. What is the *two-price* cotton policy? How did this affect U.S. textile producers?

The two-price cotton policy set the cost of raw cotton higher for U.S. textile producers than for foreign manufacturers was equalized. This affected the U.S. textile producers because this change made the cost of raw cotton 26 percent lower than it had been for domestic producers and freed capital for new investment. Rosen stated that "As a result of these measures, U.S. textile manufacturers made new expenditures on plants and equipment. Between 1960 and 1970, production expanded rapidly. By the beginning of 1980s, the move to the South was complete" (Rosen, 2002, Pg. 91 Pa 2).

Proper Noun 📧



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PAGE 1



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Missing "," You may need to place a comma after this word.



S/V This subject and verb may not agree. Proofread the sentence to make sure the subject agrees with the verb.



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PAGE 2



Frag. This sentence may be a fragment or may have incorrect punctuation. Proofread the sentence to be sure that it has correct punctuation and that it has an independent clause with a complete subject and predicate.



P/V You have used the passive voice in this sentence. Depending upon what you wish to emphasize in the sentence, you may want to revise it using the active voice.



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Missing "," You may need to place a comma after this word.



Hyph. You may need to add a hyphen between these two words.

PAGE 3



Confused You have used **affect** in this sentence. You may need to use **effect** instead.



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Proper Noun If this word is a proper noun, you need to capitalize it.